

Message Text

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ACTION ARA-14

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C O N F I D E N T I A L PARAMARIBO 141

E.O. 11652: GDS
TAGS: EAID NS NE
SUBJ: NETHERLANDS AND SURINAM AT DEVELOPMENT IMPASSE

1. BRINGING TO A HEAD TENSIONS AND DIFFERENCES OF VIEW
WHICH HAVE BEEN ACCUMULATING OVER THE TWO YEARS SINCE SURINAM'S
INDEPENDENCE, THE NINTH QUARTERLY SESSION OF THE JOINT
SURINAM-NETHERLANDS DEVELOPMENT COOPERATION COMMITTEE (CONS)
BROKE OFF ITS MEETING IN PARAMARIBO SCHEDULED FOR JANUARY 23-
27 AFTER ONLY THREE DAYS OF TALKS. INFORMING THE RESPECTIVE
GOVERNMENTS BY LETTER THAT THE CONS COULD NOT CARRY OUT ITS
FUNCTION OF APPROVING PROJECTS TO BE FINANCED BY NETHERLANDS
DEVELOPMENT ASSISTANCE UNTIL DIFFERENCES OVER ITS MODE OF
OPERATION WERE RESOLVED AT THE POLITICAL LEVEL, THE SURINAM
AND DUTCH CO-CHAIRMAN OF THE COMMITTEE CALLED FOR GOVERNMENT-
TO-GOVERNMENT CONSULTATIONS TO REVIEW THE INTERPRETATION OF
THE 1975 NETHERLANDS-SURINAM DEVELOPMENT COOPERATION
AGREEMENT WHICH ESTABLISHED THE CONS AND PROVIDED FOR
APPROXIMATELY \$1.5 BILLION IN DEVELOPMENT AID TO SURINAM
BETWEEN 1975 AND 1990.

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WM ACCORDING TO DUTCH EMBASSY SOURCES, THE BASIC DIFFERENCE
BETWEEN THE SURINAMERS AND THE DUTCH GOES SOMETHING LIKE
THIS. THE SURINAMERS BELIEVE THE DUTCH ASSISTANCE MONEY
IS THEIRS TO SPEND FOR DEVELOPMENT PROGRAMS AS THEY SEE
NECESSARY WITH THE CONS SERVING A MERELY FORMAL FUNCTION
OF APPROVING PROJECTS DEVELOPED BY THE SURINAM GOVERNMENT
(GOS) THE DUTCH, ON THE OTHER HAND, WHILE AGREEING THE

MONEY IS SURINAM'S, BELIEVE THAT CERTAIN CRITERIA SHOULD BE APPLIED TO EXPENDITURE OF THE FUNDS AND VIEW THE CONS (A SIX-MEMBER COMMITTEE DIVIDED EQUALLY BETWEEN SURINAMERS AND HOLLANDERS) AS A VEHICLE FOR INSURING THAT BASIC DUTCH DEVELOPMENT GOALS ARE MET. CONSEQUENTLY, PROJECTS WHICH THE GOS DESIRES TO IMPLEMENT HAVE BEEN HELD UP WHILE THE DUTCH EXAMINE QUESTIONS OF ECONOMIC VIABILITY, EXECUTION CAPACITY, AND CONFORMITY WITH OVERALL SPENDING OBJECTIVES OF 50 PERCENT OF THE TOTAL ASSISTANCE FOR PROJECTIVE PROJECTS, 25 PER CENT FOR THE SOCIAL-EDUCATIVE SECTOR, AND 25 PER CENT FOR INFRASTRUCTURE.

3. THERE IS ANOTHER OBSTACLE TO THE SMOOTH FUNCTIONING OF THE CONS. THE DUTCH BELIEVE THAT THE GOS IS NOT MAKING SUFFICIENT EFFORTS TO PROMOTE DOMESTIC SAVING AND INVESTMENT AND THAT IT DOES NOT HAVE ADEQUATE CONTROLS OVER ITS SPENDING, A GREATLY BLOATED CIVIL SERVICE IS A PRINCIPAL CAUSE OF THIS SITUATION, WHICH THE GOS MINISTER OF DEVELOPMENT IS QUOTED AS SAYING CONSUMES 80 PERCENT OF THE GOS EXPENDITURES. TO STRENGTHEN ITS VIEW, THE DUTCH GOVERNMENT IS WILLING TO FINANCE ONLY A PORTION OF SOME PROJECTS PUT UP FOR APPROVAL, INSISTING THAT THE GOS COME UP WITH THE REMAINING RESOURCES ON ITS OWN.

4. THE SURINAM INTERPRETATION OF ALL THIS IS THAT THE DUTCH ARE BEHAVING IN AN ARROGANT, AND ACCORDING TO SOME CONFIDENTIAL

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NEWSPAPER REPORTS, "NEO-COLONIALIST" MANNER. SOME EVEN ACCUSE THE DUTCH OF BEING INTERESTED ONLY IN THOSE PROJECTS IN WHICH THERE ARE DIRECT DUTCH FINANCIAL OR COMMERCIAL INTERESTS. AT THE HEART OF THE MATTER, HOWEVER, IS A NATIONALISTIC FEELING THAT ONLY THE GOS SHOULD DECIDE SURINAM'S DEVELOPMENT PRIORITIES, AND WITHIN THEM, THE BEST WAY OF ACHIEVING ECONOMIC GROWTH.

5. ALL OF THIS SHOULD NOT BE NEW TO THE U.S. WHICH HAS HAD SIMILAR DIFFICULTIES IN ASSISTANCE PROGRAMS IN MANY PLACES AROUND THE GLOBE. ALTHOUGH SOME LOCAL COMMENTATORS IRRESPONSIBLY POINT OUT THAT THE EGYPTIANS THREW THE RUSSIANS OUT WHEN THEY BECAME TOO HAUGHTY AND DOMINEERING, IT IS TO BE EXPECTED THAT THE SURINAM AND DUTCH MINISTERS WILL NOW GET TOGETHER TO SORT OUT THEIR DIFFERENCES AND GIVE NEW GUIDANCE TO THE CONS. IN THE END, THE DUTCH WILL WANT TO CONTINUE THEIR ASSISTANCE PROGRAM AND THE SURINAMERS ARE TOO DEPENDENT ON THE FLOW OF DUTCH GUILDERS TO WITHSTAND FOR VERY LONG A HIATUS IN PROJECT APPROVALS.

6. DUTCH DEVELOPMENT COOPERATION MINISTER DE KONING IS EXPECTED TO VISIT PARAMARIBO IN EARLY MARCH, BUT OTHER

TALKS MAY BE HELD BEFORE THEN. QUEEN JULIANA ARRIVES
FEBRUARY 9 ON A WEEK-LONG STATE VISIT, AND WE WOULD BE
SURPRISED IF THE SUBJECT DID NOT COME UP SOMETIME DURING
THAT PERIOD, ESPECIALLY AS THE NEW DUTCH FOREIGN MINISTER
WILL BE A MEMBER OF THE QUEEN'S OFFICIAL PARTY. THE
DUTCH EMBASSY, IN THE MEANTIME, PLANS TO TAKING A VERY LOW
POSTURE WITH REGARD TO THE WHOLE CONTROVERSY WHICH HAS
ALREADY LED TO SOME PRETTY HARSH EDITORIALIZING IN THE
LOCAL PRESS. BUT FOR AT LEAST THE NEXT SEVERL WEEKS
THERE WILL BE A SERIOUS QUESTION MARK HANGING OVER THE
FUTURE COURSE OF DUTCH DEVELOPMENT ASSISTANCE IN SURINAM.
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